

STATEMENT OF BASIS (AI No. 108518)

for the draft Notice of Intent to Terminate Louisiana Pollutant Discharge Elimination System permit No. LA0118389.

THE APPLICANT IS: Southern Bay Operating, LLC
Bayou Bouillion Field Production Facility
110 Cypress Station Drive, Suite 220
Houston, Texas 77090-1629

ISSUING OFFICE: Louisiana Department of Environmental Quality (LDEQ)
Office of Environmental Services
Post Office Box 4313
Baton Rouge, Louisiana 70821-4313

PREPARED BY: Jenniffer Sheppard
Industrial Water Permits Section
Water Permits Division
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DATE PREPARED: June 5, 2008

1. PERMIT STATUS

A. Reason For Permit Action:

Notice of Intent to Terminate a Louisiana Pollutant Discharge Elimination System (LPDES) permit, issued for a 5-year term.

B. LPDES permit - LPDES permit effective date: March 15, 2004
LPDES permit expiration date: March 14, 2009

C. Date Notice of Intent to Terminate Received: August 20, 2007

2. FACILITY INFORMATION

A. FACILITY TYPE/ACTIVITY - oil and gas exploration, development, and production operations

Southern Bay Operating, LLC's Bayou Bouillion Field Production Facility is an oil and gas exploration, development, and production facility.

B. FEE RATE

1. Fee Rating Facility Type: Minor
2. SIC code: 1311

C. LOCATION - Bayou Bouillion Field, approximately 3 miles east of Butte LaRose, Louisiana, St. Martin Parish. Latitude 30° 16' 21.9" Longitude 91° 38' 11.3"

3. REASON FOR TERMINATION

Bayou Bouillion Field Production Facility of Southern Bay Operating, LLC permanently eliminated all discharges on June 26, 2007.